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PAGE 001 TOT: 280530Z MAR 86

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BRIEF 280530Z

TO: - IMMEDIATE

ROUTINE MEA BRIEF.

(NOFORN IN SLANTS)

WNIMEE.

SUBJECT: MIDDLE EAST/AFRICA BRIEF 1986.

FOR 28 MARCH

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FROM: DDI/O/CPAS

CONTENTS

- 1. ISRAEL-LEBANON-PLO: INCREASED BORDER VIOLENCE
- 2. IRAQ: NEW AUSTERITY MEASURES
- 3. INDIA: MILITANTS ESCALATING VIOLENCE IN PUNJAB
- 4. IN BRIEFS
- 1. ISRAEL-LEBANON-PLO: INCREASED BORDER VIOLENCE

Approved for Release Date JUN____1999_

SECRET

117

OUTGOING MESSAGE

-PAGE 002

TOT: 280530Z MAR 86

//ISRAELI AIRCRAFT HIT PLO TARGETS NEAR SIDON YESTERDAY FOLLOWING A ROCKET ATTACK ON NORTHERN ISRAEL, THE FIRST SINCE 1982 TO CAUSE CIVILIAN CASUALTIES//.

//PRIME MINISTER PERES CLAIMED ON ISRAELI RADIO THAT THE AIRSTRIKES WERE IN RETALIATION FOR AN ATTACK ON QIRYAT SHEMONA THAT INJURED FOUR SCHOOL CHILDREN AND A TEACHER YESTERDAY,

61,63

//THE ISRAELI ARMY MOUNTED LARGE-SCALE SWEEPS IN ITS SECURITY ZONE IN SOUTHERN LEBANON IN SEARCH OF THE ATTACKERS. ANOTHER ROCKET ATTACK OCCURRED TUESDAY, IN RETALIATION FOR THE RECENT BOMBARDMENT OF AMAL-CONTROLLED NABATIYAH BY THE ISRAELI-SUPPORTED ARMY OF SOUTH LEBANON//.

//THE COMMANDER OF ISRAEL'S NORTHERN FORCES ADMITTED THAT AT THE TIME OF THE AIRSTRIKES THE ISRAELIS DID NOT KNOW WHETHER THE AMAL MOVEMENT, THE HIZBALLAH, OR THE PLO WAS RESPONSIBLE FOR THURSDAY'S ATTACK//.

//PERES PROBABLY CLAIMED THE AIRSTRIKE WAS A DIRECT RETALIATION TO PLACATE ISRAELIS AND TO DETER PRESSURE FOR A STRONGER RESPONSE. TEL AVIV IS CONTINUING ITS POLICY OF PUNISHING SHIA AND PALESTINIAN FIGHTERS FOR ATTACKS ON THE NORTHERN SETTLEMENTS. MANY LEADERS, HOWEVER, INCLUDING PERES, FEAR THAT THIS APPROACH MAY LEAD TO EVEN GREATER GUERRILLA ACTIVITY. NEVERTHELESS, THE ISRAELIS SEE NO REALISTIC ALTERNATIVE TO A POLICY OF REPRISAL AND ALMOST CERTAINLY WILL TAKE FURTHER ACTION TO PUNISH WHOEVER THEY DETERMINE WAS RESPONSIBLE FOR THE MOST RECENT ATTACK//.

2. IRAQ: NEW AUSTERITY MEASURES

//IRAQ IS TRYING TO COPE WITH LOWER OIL REVENUES AND WAR EXPENSES BY CUTTING GOVERNMENT SPENDING EVEN FURTHER. IMPORTS AND DEVELOPMENT WILL BE SCALED BACK.

61,63

THE AUSTERITY DECISIONS WERE MADE LAST WEEK DURING A HIGHLY PUBLICIZED MEETING OF IRAQI LEADERS, CHAIRED BY PRESIDENT SADDAM HUSAYN//.

\//SADDAM'S DIRECT PARTICIPATION IN ECONOMIC POLICY OVER THE PAST FEW MONTHS AND THE PUBLICITY GIVEN THE MEETING PROBABLY ARE INTENDED TO PREPARE IRAQIS FOR UNPOPULAR SPENDING CUTS. BAGHDAD IS LIKELY TO REDUCE WAGES AND BENEFITS FOR GOVERNMENT

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PAGE 003

TOT: 280530Z MAR 86

EMPLOYEES AND TO CUT SUBSIDIES FOR FOOD AND CONSUMER GOODS. RESTRICTIONS ON REMITTANCES, COMBINED WITH LOWER DEVELOPMENT SPENDING, ARE LIKELY TO CAUSE MORE FOREIGN WORKERS--MOST OF THEM EGYPTIANS--TO LEAVE. THEIR ABSENCE MAY DISRUPT BASIC SERVICES//.

3. INDIA: MILITANTS ESCALATING VIOLENCE IN PUNJAB

//SIKH EXTREMISTS ARE INCREASING ATTACKS AND DEMONSTRATIONS AGAINST BOTH HINDUS AND MODERATE SIKHS. YESTERDAY SHOTS AND FIREBOMBS FORCED PUNJAB'S SIKH CHIEF MINISTER BARNALA OFF THE STAGE AT A RELIGIOUS FESTIVAL SPONSORED BY HIS MODERATE AKALI DAL PARTY; AKALI DAL OFFICES IN AMRITSAR WERE BURNED. LAST WEEK, MILITANTS ATTRACTED ENOUGH MODERATE SIKH SUPPORT--BY CLAIMING HINDUS HAD DESTROYED SIKH RELIGIOUS SHRINES--TO CUT OFF FOOD SHIPMENTS TO THE PRIMARILY HINDU CITY OF BATALA FOR FIVE DAYS//.

FROM MODERATE SIKHS IF THEIR TACTICS PROVOKE A HARSH RESPONSE FROM FROM MODERATE SIKHS IF THEIR TACTICS PROVOKE A HARSH RESPONSE FROM STATE OR NATIONAL AUTHORITIES OR FROM HINDU CHAUVINISTS. THE MILITANTS ALSO HOPE TO GAIN SUPPORT BY DISCREDITING THE MODERATE SIKH RELIGIOUS AND POLITICAL LEADERSHIP AND BY CASTING NEW DELHI AS THE DEFENDER OF THE HINDU FAITH. PRIME MINISTER GANDHI WILL TRY TO AVOID PLAYING INTO THE MILITANTS' HANDS AND EARLY NEXT MONTH IS LIKELY TO GIVE SIKH-DOMINATED PUNJAB STATE EXCLUSIVE CONTROL OF CHANDIGARH, THE CAPITAL IT NOW SHARES WITH HARYANA, A MOVE CERTAIN TO REINFORCE MODERATE SIKHS' SUPPORT FOR CHIEF MINISTER BARNALA AND FOR NEW DELHI! FOR NEW DELHI//.

4. IN BRIEFS

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